

2012 Tipton County Property Tax Report with Comparison to 2011

Legislative Services Agency

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This report describes property tax changes in Tipton County between 2011 and 2012. In 2012 tax changes in each county were affected most by local factors, such as changes in assessed values, deductions, levies, credits, and tax rates. In 2012, for the first time in years, tax bill changes were not affected by statewide policy changes. The big 2008 tax reform was fully phased in by 2011. There were some statewide trends. The effects of the Great Recession lingered in many counties, depressing assessed value growth. Taxes in rural counties were affected by a large increase in farmland assessed values.

In Tipton County the average tax bill for all taxpayers decreased by 6.4%. This tax bill fall was mainly the result of an increase in the local homestead credit, funded with a local option income tax. The tax levy of all local government units fell slightly, by 0.4%, while certified net assessed value increased by 3.6%. Agricultural assessments increased substantially. Business and other residential assessments fell, which may have been a legacy of the recession. Lower tax bills caused tax cap credits as a percent of the levy to decline by 0.8%.

	Average Change in Tax Bill, All Property	Total Levy, All Units	Certified Net Assessed Value	Tax Cap Credits % of Levy
2012	-6.4%	\$14,515,812	\$803,428,125	4.4%
Change		-0.4%	3.6%	-0.8%
2011	8.0%	\$14,574,588	\$775,502,401	5.2%

Homestead Property Taxes

Homestead property taxes decreased 16.9% on average in Tipton County in 2012. This substantial decline was due mainly to a large increase in Tipton County's local homestead credit, funded by a new local option income tax for property tax relief. Tax rates also decreased in most Tipton County tax districts. The county average tax rate fell by 3.9%. As a result of the new local homestead credit, the percentage of Tipton County homesteads at their tax caps dropped from 15.8% in 2011 to 9.0% in 2012.

Comparable Homestead Property Tax Changes in Tipton County

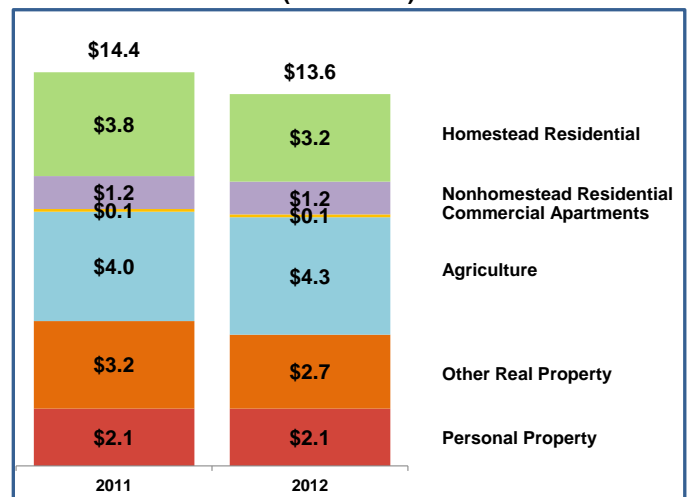
	2011 to 2012	
	Number of Homesteads	% Share of Total
Summary Change in Tax Bill		
Higher Tax Bill	533	8.9%
No Change	609	10.2%
Lower Tax Bill	4,849	80.9%
Average Change in Tax Bill	-16.9%	
Detailed Change in Tax Bill		
20% or More	228	3.8%
10% to 19%	49	0.8%
1% to 9%	256	4.3%
0%	609	10.2%
-1% to -9%	588	9.8%
-10% to -19%	1,510	25.2%
-20% or More	2,751	45.9%
Total	5,991	100.0%

Note: Percentages may not total due to rounding.

Net Tax Bill Changes - All Property Types

Most of Tipton County's 2012 net property taxes were paid by business owners on their land and buildings (other real) and business equipment (personal), by owners of agricultural property, and by homeowners. Net tax bills for all taxpayers decreased 6.4% in Tipton County in 2012. Net taxes were much lower on homesteads and business real property, lower for nonhomestead residential property (mostly small rentals and second homes), and slightly lower for commercial apartments. Tax bills were higher for agricultural property and almost unchanged for business personal property.

Comparison of Net Property Tax by Property Type (In Millions)



Tax Rates, Levies, and Assessed Values

Property tax rates decreased in more than two-thirds of Tipton County tax districts. The average tax rate fell by 3.9%, because of a small levy decrease and an increase in certified net assessed value.

Levies in Tipton County decreased slightly by 0.4%. The Tipton Community School Corporation experienced decreases in its capital projects, bus replacement, and school pension debt funds. The largest levy increase was in the county unit, due to increases in the general, cumulative bridge, and health funds.

Tipton County's total net assessed value increased 0.2% in 2012. Agricultural net assessments rose 12.7%. The large increase in agricultural assessed value was due to the 16% increase in the base rate assessment of farmland, from \$1,290 to \$1,500 per acre for taxes in 2012. Combined nonagricultural net assessments fell 5.7%, with business net assessments falling the most. This decline may be a lingering effect of the Great Recession.

Property Type	Gross AV 2011	Gross AV 2012	Gross AV Change	Net AV 2011	Net AV 2012	Net AV Change
Homesteads	\$593,353,555	\$592,057,481	-0.2%	\$237,618,630	\$238,833,449	0.5%
Other Residential	68,559,020	65,929,505	-3.8%	67,185,535	64,582,006	-3.9%
Ag Business/Land	267,778,720	302,896,814	13.1%	267,106,152	301,156,047	12.7%
Business Real/Personal	329,171,075	296,367,175	-10.0%	270,065,850	238,730,166	-11.6%
Total	\$1,258,862,370	\$1,257,250,975	-0.1%	\$841,976,167	\$843,301,668	0.2%

Net AV equals Gross AV less deductions and exemptions • Tax rates are calculated on Net AV • Circuit breaker tax caps are calculated on Gross AV

Tax Cap (Circuit Breaker) Credits

Property taxes are capped at 1% of gross assessed value for homesteads, 2% for other residential property (including rental housing and second homes) and farmland, and 3% for business land, buildings, and equipment. Taxpayers receive credits when their tax bills exceed the caps. Credits are revenue lost to local governments.

Total tax cap credits in Tipton County were \$661,637, or 4.4% of the levy. This was less than the state average percentage of the levy of 9.2%, but more than the median value of 3.2% among all counties. Tax rates are the main determinant of tax cap credits, but Tipton County's average tax rate was lower than the state median. Tipton County's tax cap credits were relatively high because of tax rates that exceeded \$3 per \$100 assessed value in two taxing districts.

More than two-thirds of the total tax cap credits were in the 2% nonhomestead/farmland category; most of the rest were in the 3% business category. The largest percentage losses were in the city of Tipton and the town of Sharpsville, where district tax rates were near or above \$3 per \$100 assessed value. (Note that the tax district including the city of Elwood also has a rate above \$3, but almost all of Elwood's territory and almost all of its tax cap credits are in Madison County.) The largest dollar losses were in the city of Tipton, the Tipton School Corporation, and the county unit.

Tax cap credits decreased in Tipton County in 2012 by \$146,558, or 18.1%. The percentage of the levy lost to credits fell by 0.8%. There were no major changes in state policy to affect tax cap credits in 2012. Tipton County credits decreased mainly because of the adoption of the new local homestead credit. This is the reason for the large decrease in credits in the 1% homestead category. Other tax cap credits fell because most district tax rates decreased.

Tax Cap Category	2011	2012	Difference	% Change
1%	\$133,231	\$31,758	-\$101,474	-76.2%
2%	476,065	465,150	-10,916	-2.3%
3%	167,175	153,753	-13,421	-8.0%
Elderly	31,724	10,977	-20,747	-65.4%
Total	\$808,195	\$661,637	-\$146,558	-18.1%
% of Levy	5.2%	4.4%		-0.8%

Tipton County Levy Comparison by Taxing Unit

Taxing Unit	2008	2009	2010	2011	2012	% Change			
						2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012
County Total	19,830,120	13,912,529	14,367,815	14,574,588	14,515,812	-29.8%	3.3%	1.4%	-0.4%
State Unit	20,429	0	0	0	0	-100.0%			
Tipton County	3,419,263	3,045,729	3,121,045	3,272,619	3,376,809	-10.9%	2.5%	4.9%	3.2%
Cicero Township	243,664	245,534	248,431	252,640	252,064	0.8%	1.2%	1.7%	-0.2%
Jefferson Township	50,915	50,894	51,797	53,315	54,722	0.0%	1.8%	2.9%	2.6%
Liberty Township	65,890	63,999	65,099	65,770	66,946	-2.9%	1.7%	1.0%	1.8%
Madison Township	96,794	101,083	103,038	106,336	59,262	4.4%	1.9%	3.2%	-44.3%
Prairie Township	13,359	13,889	14,175	14,401	14,954	4.0%	2.1%	1.6%	3.8%
Wildcat Township	114,702	114,523	118,042	110,309	64,850	-0.2%	3.1%	-6.6%	-41.2%
Elwood Civil City	13,683	12,878	12,991	14,525	13,921	-5.9%	0.9%	11.8%	-4.2%
Tipton Civil City	2,610,040	2,747,794	2,781,448	2,864,521	2,863,369	5.3%	1.2%	3.0%	0.0%
Kempton Civil Town	62,653	63,988	65,627	66,694	70,526	2.1%	2.6%	1.6%	5.7%
Sharpsville Civil Town	129,493	132,718	135,894	141,373	142,773	2.5%	2.4%	4.0%	1.0%
Windfall Civil Town	139,661	153,542	153,015	155,806	153,231	9.9%	-0.3%	1.8%	-1.7%
Tri-Central Community Schools	4,211,101	2,196,965	2,666,154	2,424,818	2,397,692	-47.8%	21.4%	-9.1%	-1.1%
Tipton Community School Corp	7,764,292	4,081,127	3,957,072	4,096,205	4,015,759	-47.4%	-3.0%	3.5%	-2.0%
Tipton County Public Library	766,079	775,564	759,237	815,829	842,796	1.2%	-2.1%	7.5%	3.3%
Tipton County Solid Waste	108,102	112,302	114,750	119,427	126,138	3.9%	2.2%	4.1%	5.6%

Tipton County 2012 Tax Rates, Credit Rates, and Net Tax Rates for Homesteads by Taxing District

Dist #	Taxing District	Tax Rate	Credit Rates						Net Tax Rate, Homesteads
			LOIT PTRC	COIT Homestead	CEDIT Homestead	CEDIT Residential	LOIT Homestead	LOIT Residential	
80001	Cicero Township	1.4078	--	--	4.9490%	--	18.2587%	--	1.0811
80002	Tipton City	3.1959	--	--	8.7137%	--	18.2587%	--	2.3339
80003	Jefferson Township	1.3560	--	--	4.1442%	--	18.2587%	--	1.0522
80004	Kempton Town	2.5752	--	--	1.2260%	--	18.2587%	--	2.0734
80005	Liberty Township	1.4993	--	--	2.7284%	--	18.2587%	--	1.1846
80006	Sharpsville Town	2.6844	--	--	0.3576%	--	18.2587%	--	2.1847
80007	Madison Township	1.3576	--	--	4.4273%	--	18.2587%	--	1.0496
80008	Elwood City	3.2766	--	--	0.3179%	--	18.2587%	--	2.6679
80009	Prairie Township	1.4500	--	--	2.6320%	--	18.2587%	--	1.1471
80010	Wildcat Township	1.5329	--	--	23.2582%	--	18.2587%	--	0.8965
80011	Windfall Town	2.7210	--	--	1.7265%	--	18.2587%	--	2.1772

Notes: A *Taxing District* is a geographic area of a county where taxing units overlap, so the sum of the taxing unit tax rates is the total district rate.

The *Tax Rate* is the gross levy divided by net assessed value, in dollars per \$100 assessed value.

The *LOIT*, *COIT*, and *CEDIT* credits are funded by local income taxes.

The *Net Tax Rate for Homesteads* is calculated by reducing the tax rate by the various credit percentages.

Tipton County 2012 Circuit Breaker Cap Credits

Taxing Unit Name	Circuit Breaker Credits by Property Type					Circuit Breaker as % of Levy	
	(1%) Homesteads	(2%) Other Residential and Farmland	(3%) All Other Real/Personal	Elderly	Total		
<i>Non-TIF Total</i>	31,758	465,150	153,753	10,977	661,637	14,515,812	4.6%
<i>TIF Total</i>	0	0	0	0	0	459,912	0.0%
<i>County Total</i>	31,758	465,150	153,753	10,977	661,637	14,975,724	4.4%
Tipton County	4,308	62,847	20,217	1,842	89,214	3,376,809	2.6%
Cicero Township	94	1,434	549	114	2,191	252,064	0.9%
Jefferson Township	12	92	0	26	130	54,722	0.2%
Liberty Township	26	242	0	15	283	66,946	0.4%
Madison Township	5	0	11	11	27	59,262	0.0%
Prairie Township	0	0	0	1	1	14,954	0.0%
Wildcat Township	2	84	0	5	91	64,850	0.1%
Elwood Civil City	335	0	697	0	1,032	13,921	7.4%
Tipton Civil City	15,467	235,905	90,341	4,762	346,474	2,863,369	12.1%
Kempton Civil Town	587	4,668	0	33	5,287	70,526	7.5%
Sharpsville Civil Town	1,390	12,988	0	1	14,378	142,773	10.1%
Windfall Civil Town	394	13,548	0	270	14,212	153,231	9.3%
Tri-Central Community Schools	1,283	18,855	0	479	20,617	2,397,692	0.9%
Tipton Community School Corp	6,620	96,454	36,138	2,889	142,101	4,015,759	3.5%
Tipton County Public Library	1,075	15,686	5,046	460	22,266	842,796	2.6%
Tipton County Solid Waste	161	2,348	755	69	3,333	126,138	2.6%
TIF - US 31 & SR 28 Cicero Twp	0	0	0	0	0	459,912	0.0%

Notes: Circuit breaker tax cap credits are tax savings for taxpayers and revenue losses for local government units. Circuit breaker credits are highest in tax districts with the highest tax rates. These are usually districts that include cities or towns because the municipal tax rate is included in the district tax rate. This means that most circuit breaker credits are in cities and towns and in units that overlap cities and towns.

Circuit Breaker Credit Types:

Homesteads are owner-occupied primary residences and include homestead land and buildings in the 1% tax cap category. Owner-occupied mobile homes and agricultural homesteads are included in this category. This category only includes credits on the portion of the property that qualifies as a homestead.

Other Residential/Farmland includes small rental housing units, larger commercial apartments, second homes, long-term care facilities, and farmland, in the 2% tax cap category.

All Other Real/Personal is commercial, industrial, and utility land and buildings, and business equipment, including agricultural equipment, in the 3% tax cap category. This category also includes credits on the portion of homeowner properties that do not qualify as a homestead.

Elderly includes credits for the 2% annual limit on homestead tax bill increases for low-income homeowners, age 65 and over. The *Total Levy by Unit* is gross property taxes levied, before all tax credits. For TIF districts, this amount represents the TIF proceeds before circuit breaker credits. This information is included to allow comparison to the circuit breaker revenue losses.

Numbers may not total due to rounding.